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OKANAGAN HELICOPTERS LTD.
25th ANNUAL REPORT

DIRECTORS

A. H. BENT	Vancouver, B.C.
*RONALD L. CLIFF	Vancouver, B.C.
*DOUGLAS A. DEWAR	Vancouver, B.C.
*HAROLD H. DINGLE	Vancouver, B.C.
C. N. EFFINGER	Vancouver, B.C.
*D. M. M. GOLDIE, Q.C.	Vancouver, B.C.
G. H. D. HOBBS	Vancouver, B.C.
*IAN KENNEDY	Vancouver, B.C.
J. M. S. LECKY	Montreal, P.Q.
G. A. B. McGAVIN	Vancouver, B.C.
W. J. MacKENZIE, M.E.	Kelowna, B.C.
*J. W. PITTS	Vancouver, B.C.

*Member of Executive Committee

OFFICERS

Chairman of the Board	Ian Kennedy
Vice-Chairman of the Board	C. N. Effinger
President and	
Chief Executive Officer	J. W. Pitts
Secretary-Treasurer	Colin C. Pryce, C.A.
Assistant Secretary	D. W. H. Creighton

HEAD OFFICE AND SALES OFFICE

439 Agar Drive,
International Airport South,
Vancouver, B.C.

THE YEAR AT A GLANCE

Consolidated gross revenues	\$10,693,054
Operating Earnings	\$2,003,101
Net Earnings	\$862,152
Working capital at year end	\$513,295
Number of employees	209
Helicopter fleet	65

AUDITORS

Peat, Marwick, Mitchell & Co.,
Vancouver, B.C.

REGISTRAR AND TRANSFER AGENTS

The Canada Trust Company,
Vancouver, Calgary, Winnipeg and Toronto

OPERATING SUBSIDIARY COMPANIES

Canadian Helicopters Limited, Montreal, P.Q.
Universal Helicopters Limited, Carp, Ont.

BASES AND SALES OFFICES

Vancouver International Airport	(604) 278-5502
Alta Lake, B.C.	(604) 932-5423
Calgary Sales Office	(403) 263-6928
Campbell River, B.C.	(604) 287-6118
Cranbrook, B.C.	(604) 426-4316
Fort Nelson, B.C.	(604) 774-6416
Fort St. James area, B.C.	(604) 996-8581 (or contact through Prince George)
Fort St. John, B.C.	(604) 785-3845
Inuvik, N.W.T.	(403) 979-2874
Kamloops, B.C.	(604) 376-8044
Nelson, B.C.	(604) 352-5411
Norman Wells, N.W.T.	(403) 3136
Penticton, B.C.	(604) 492-0637
Prince George, B.C.	(604) 563-0551
Revelstoke, B.C.	(604) 837-4044
Smithers, B.C.	(604) 847-9444
Terrace, B.C.	(604) 635-5448
Williams Lake, B.C.	(604) 392-4013

SUMMER BASE LOCATIONS

Germansen Landing, B.C.	(Contact through Prince George)
Eddontenajon, B.C.	(Contact through Terrace)
Fort Simpson, N.W.T.	(Contact through Norman Wells)

EASTERN CANADA OPERATIONS

Universal Helicopters Limited:	
Ottawa (Carp), Ont.	(613) 235-1135
Gander, Nfld.	(709) 256-3076
St. John's Nfld.	(709) 722-8717
Pasadena, Nfld.	(Contact through Gander)
Bishop Falls, Nfld.	(Contact through Gander)
Sydney, N.S.	(902) 562-5551
Canadian Helicopters Limited:	
Montreal, Que.	(514) 636-1874
Churchill Falls, Lab.	(Contact through Montreal)
Chibougamau, Que.	(819) 276-3239
Matagami, Que.	(Contact through Montreal)

OKANAGAN HELICOPTERS LTD. 25th ANNUAL REPORT



REPORT TO SHAREHOLDERS

Your Directors take pleasure in presenting the Twenty-Fifth Annual Report for the year ended January 31, 1972.

It seems particularly fitting that at the completion of the twenty-fifth year of operations, Okanagan Helicopters has established new records in almost all areas. Revenues rose by 67 per cent to a record of \$10,693,054, as against \$6,400,657 in the preceding year. After-tax earnings were at a new high of \$862,152 compared to \$58,887 last year. Funds provided by operations reached \$2,730,490, a new record, compared with \$918,398 for last year and a previous high of \$1,003,432 reported for 1969. Revenue hours flown also set new records by a margin of 26 per cent.

The above achievements are a reflection of the heavy capital expenditures which have been made over the past two years and the concurrent changes in the management and corporate structure of your Company.

The 1970 Annual Report described the acquisition of Universal Helicopters and West-coast Helicopters in the Spring of 1971. The operations of both of these companies have now been successfully integrated with those of Okanagan. As a direct consequence, the Company's participation in the eastern Canada helicopter service market has been greatly enhanced.

Operations in 1971 involved 65 aircraft. At the beginning of April 1971, the second S61N east coast offshore contract was commenced for Amoco Canada Petroleum Company Ltd. The first such contract with Shell Canada Limited began in September 1969, and continues. Both of the above contracts are flown in aircraft with a full Instrument Flight Rating with all weather capability, a helicopter technique pioneered in Canada by Okanagan.

As a matter of interest, some 3½ weeks after the second S61N contract began, Amoco consented to the aircraft's use on a mercy mission which involved the removal of a critically ill man from a ship some 175 miles at sea off the coast of Newfoundland. This same turbine powered aircraft is now servicing a semi-submersible drilling rig which is 250 miles at sea and it is expected that this range will be further increased during 1972.

During 1971, Okanagan also operated a third offshore contract from Cartwright, Labrador. The work was flown for Teneco Oil & Minerals Ltd. with an S58T equipped with long range tanks and emergency flotation gear and proved once again the fine versatility of this aircraft.

The excellent results achieved with the three S58T's in the first year's operation have led to a commitment which resulted in the conversion of two more S58T turbine powered aircraft in Okanagan's Vancouver hangar by April of 1972.

To further expand the Company's fleet of medium turbine powered helicopters, an additional two Bell 204B helicopters were added to the fleet late in 1971, raising the total number of 204B's now operated to four.

The 11 JetRanger helicopters purchased in 1971 operated successfully. As mentioned in previous reports, most of Okanagan's JetRangers are in the ambulance configuration and the Company has thereby provided a significant additional service to industry and to the communities from which it operates.

Plans for 1972 call for the addition of 14 new JetRanger aircraft which will put our fleet of this aircraft at 43 of which almost half will have the larger 400 hp turbine. Total capital outlays in 1972 are expected to approximate \$4.5 million.

Following the policy of disposing of the Company's piston powered aircraft, 10 more of these aircraft were sold in 1971.

In preparing for growth, the most difficult problem involves the provision of trained personnel to fill the expanding number of responsible positions developing in the Company. Our policy is to offer such positions to existing employees whenever possible.

As the Company grows and expands, the equipment becomes more sophisticated and the demands on our people become more critical. To meet these challenges, Okanagan has launched extensive training courses for pilots, engineers and management personnel. It is estimated that over 15,000 man hours will be consumed by training in 1972. The programs will be continued and enlarged in the coming years.

To keep pace with the growing volume of information processing and the increasing complexities of an expanding business, plans are afoot to implement an in-house computer installation during 1972 to provide timely reports on the Company's affairs.

THE OUTLOOK

Almost all of Okanagan's business is generated either directly or indirectly from the exploration, development and exploitation of the natural resources of Canada. These activities are, in increasing measure, taking place in the remote and inaccessible areas of the country.

When assessing the market for our services, therefore, it is necessary to speculate upon the future growth of the natural resource industries of Canada.

Of major importance is the level of oil and gas exploration. With the world energy market doubling every 10 years and the largest consumer sharing the North American continent with Canada, our country is in a preferred position as a supplier.

Mining exploration and development has traditionally provided a major segment of our business. The downturn of the metal markets in 1970 and 1971 mirrored the general slowdown in world economic activity. It is expected that an upturn will follow a similar pattern and we are therefore optimistic about the future for flying services to the mining industry.

Helicopter support of the search for hydrocarbons and metals provided the Company with about half of its gross revenue in 1971/1972 and while the long term outlook for the oil, gas and mining industries is good due to increasing demand, the future is somewhat clouded by the uncertainty of Canada's policy on foreign investment. Very substantial amounts of risk capital are required for the massive programs of exploration envisaged over the next decade if Canada is to make significant discoveries and remain a major supplier of these resources. It is increasingly important that the climate for Canadian and foreign risk investment be hospitable if the strong economic impetus provided by these resource industries is to be maintained.

The outlook for forestry development and protection services by Okanagan are good and are expected to increase gradually with closer forest utilization and increasing populations.

The Company's role in the construction industry relates largely to work taking place in remote areas. A significant part of such activity involves the development of hydro electric potential – again the search for energy and harnessing of natural resources. The two major hydro electric projects presently underway are in

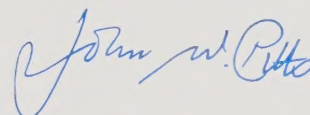
eastern Canada, and Okanagan and affiliates hope to obtain a share of the available flying.

Preliminary 1972 indications are for a very busy flying season with the Company's equipment. Activities in the Northwest Territories and Arctic Islands are intensifying, particularly in the quest for oil and gas. On the eastcoast, a third offshore contract for an S61N has been signed with Mobil Oil Canada Ltd. It will commence in the fall of 1972.

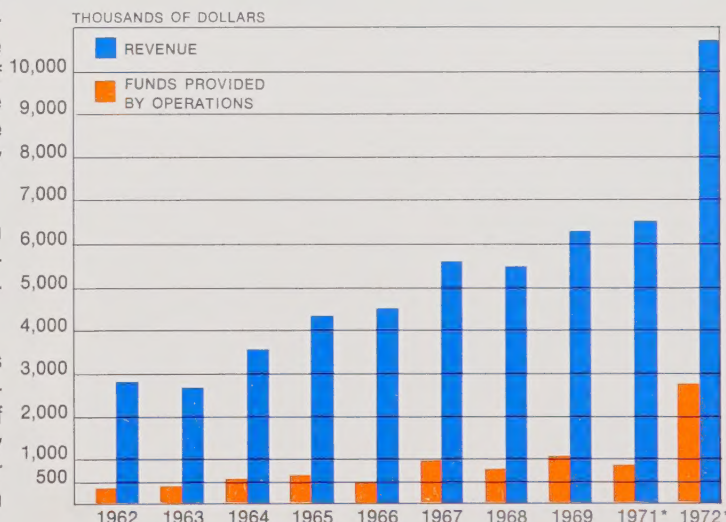
THE PEOPLE

Okanagan and its affiliates operate helicopters literally in every corner of Canada: from Newfoundland to British Columbia to the most northern Arctic Island. In such a far flung enterprise our people often work for weeks at a time with little or no contact from head office. One can readily appreciate, therefore, the reliance placed upon so many individuals not only for the highly professional operation of helicopters for which the Company is known, but also as the most important interface with our customers. Our crews are our best salesmen. To them and to the people who support them from our many bases, your Directors say "thank you" for a very fine 1971 performance.

On behalf of the Board,



J. W. PITTS,
President and Chief
Executive Officer



*See note 1 to Financial Summary and Review



**OKANAGAN
HELICOPTERS LTD.
1947-72**



Materials carried to 1949 dam project.



An historic day—Okanagan's first helicopter FZX flies over Okanagan Lake 1947, Carl Agar at the controls.

**A QUARTER CENTURY
OF SERVICE**

Base camp at first topographical survey 1949.



Okanagan Helicopters Ltd. is celebrating its twenty-fifth anniversary.

In marking this milestone, Okanagan, a pioneer in commercial helicopter operations, is proud of its part in establishing the industry as a mature and important partner in Canada's economic growth.

During its first quarter century, the company has grown from a one-machine operation to one of the largest commercial helicopter operating companies in the world with a fleet of 68 machines and a string of 29 bases that span Canada from east to west and south to north.

Just as significant over the years is the world-wide reputation that Okanagan has earned as a leader in the application of helicopters to serve the needs of so many industries, government departments and communities in so many ways.

The ingenuity, innovation and experience of Okanagan's staff have enabled the company to establish many "firsts" in the helicopter industry which reflect a continuing team effort to meet new and challenging demands.

There has been the pioneering work in mountain flying that opened up some of the most rugged terrain in the world to prospectors, geologists, miners and petroleum engineers. There has been the development of helicopter techniques in building remote dams, in the construction of hydro transmission lines, micro-wave towers and ski lifts. Forestry and land survey work have become commonplace since those early experimental days and Okanagan has put its helicopters to use in doing a variety of unusual jobs from the transportation of dynamite for blasting snow from buried micro-wave towers, the planting of fingerlings in lakes, delivering engine replacements to the deck of a disabled ship, lifting air conditioning units to the roofs of buildings and helping to harvest the cranberry crop in southwestern B.C.

And, of course, Okanagan has flown hundreds of daring air ambulance and rescue missions.

If there was a way to use the helicopter to accomplish a job, Okanagan always came up with the answer.

Okanagan Helicopters Ltd. was founded in 1947 by the late Carl Agar, a romanticist with a sense of the practical, who quietly and with pioneer stubbornness welded together a team of aviation enthusiasts. The company purchased a new Bell helicopter, brought it to Penticton on August 9, 1947, and set up business to handle orchard spraying in British Columbia's Okanagan Valley. Agar soon realized that the helicopter held a much wider potential—that it could provide a new link in the transportation of men and materials to the inaccessible mountainous areas of Canada.

From that time, the company took an aggressive role to prove that the helicopter was an efficient and capable machine in many fields and, before long, governments and business firms were sold on these capable "work-horses" and the men who flew them.

In its first year of operation, Okanagan logged 31 flying hours. This year the company will pass a milestone in flying during its quarter century—over half a million hours of experience.



Glacier provides landing spot during power route survey 1956.



Landing platform in B.C.'s rugged mountains.

Near the peak along a survey route.





OKANAGAN HELICOPTERS LTD. 1947-72

MILE POSTS OF A QUARTER CENTURY

- 1947—Okanagan is established at Penticton.
- 1948—Okanagan uses a helicopter for the first time for timber cruising and mosquito control spraying during the disastrous Fraser Valley flood.
- 1949—Conquering the rugged regions of B.C., Okanagan pioneers the use of the helicopter in mining exploration and prospecting. Carl Agar surveys the virtually impassable mountain route for the Alcan transmission line, wins praise for his ingenuity in getting a tough job done quickly.
- 1954—The first successful experiment in the seeding of forest areas on Vancouver Island by helicopter. Okanagan machines used in construction of oil pipeline from Edmonton to Vancouver.
- 1955—First forest survey work in B.C. by helicopter. Okanagan's reputation in mountain flying wins worldwide attention. Pilots from the RCAF, U.S. Army, French Air Force, Indonesian Air Force trained at Okanagan's school in Penticton. Two S55s operate on geological survey in Arctic Islands within a few hundred miles of North Pole, furthest north that helicopters had operated in Canada.
- 1959—First powerline construction by helicopter, installing concrete bases, transmission towers and wooden poles in mountains northeast of Los Angeles.
- 1961—First traffic survey and reporting flights in Montreal.
- 1962—First to lift and set guyed aluminum towers. Develops use of water buckets for forest fire control.
- 1963—In international market, Okanagan handles land-use survey in East Pakistan.
- 1965—Okanagan flies S61N from Stratford, Conn., to London, England, the first unescorted helicopter flight across the North Atlantic.
- 1967—Okanagan develops carousel, a circular arrangement of cargo hooks for multiple loads and optimum use of helicopter per delivery trip. Company pioneers use of photogrammetric mapping projects to produce extremely accurate maps from aerial photography.
- 1969—Okanagan flies first IFR (Instrument Flight Rules) equipped helicopter in Canada to service offshore drilling rigs located about 200 miles from Nova Scotia coast.

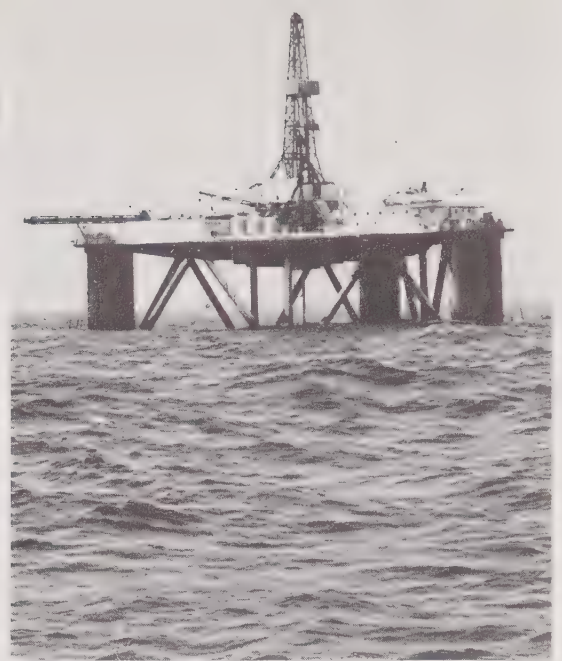
These are examples of the mile-posts of Okanagan's first 25 years as a leader in the helicopter industry.

In equipping its fleet, the company over the years has introduced many new types of helicopters to the Canadian aviation scene and today has the largest fleet of modern turbine equipment in Canada.

The accomplishments of Okanagan's pilots and ground personnel over the years in rising to the challenging needs of many industries—and in pioneering the continuing development of new techniques—has made the past quarter century an important one in the history of helicopter flying in both Canada and the world.



Instrument-equipped S61N serves offshore oil rigs.



Huge oil drilling rig in Atlantic.



Water drops fight forest fires.



Mountain transmission tower erection.



Logging in rough terrain.

Air ambulance service at train wreck.

Cars salvaged from grounded freighter.





OKANAGAN HELICOPTERS LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF EARNINGS

Year ended January 31, 1972 (With comparative figures for year ended January 31, 1971)

	1972	1971 (restated)
Income from helicopter operations	\$10,693,054	6,400,657
Operations, administrative and general expenses	7,863,955	5,260,857
Operating earnings before depreciation and gain (loss) on disposal of assets	2,829,099	1,139,800
Depreciation	760,718	508,607
	2,068,381	631,193
Gain (loss) on disposal of assets	(65,280)	203,899
Operating earnings	2,003,101	835,092
Interest:		
Long-term debt	407,403	310,777
Other, net	(2,915)	(18,559)
	404,488	292,218
Earnings before taxes on income and extraordinary item	1,598,613	542,874
Taxes on income:		
Current	49,810	27,875
Deferred	686,651	265,679
	736,461	293,554
Earnings before extraordinary item	862,152	249,320
Extraordinary item:		
Loss on disposal of FH-1100 aircraft less deferred taxes recovered of \$201,484 (Note 8)	—	190,433
Net earnings	\$ 862,152	58,887
Earnings per common share (Note 9):		
Earnings before extraordinary item	\$1.16	.32
Earnings after extraordinary item	1.16	.05
Fully diluted earnings before extraordinary item	1.00	.29
Fully diluted earnings after extraordinary item	1.00	—

See accompanying notes to consolidated financial statements.

OKANAGAN HELICOPTERS LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

Year ended January 31, 1972 (With comparative figures for year ended January 31, 1971)

	1972	1971
Balance at beginning of year	\$ 1,078,113	1,165,986
Prior period adjustment for deferred income taxes	—	16,900
	1,078,113	1,149,086
Net earnings	862,152	58,887
Gain on redemption of preferred shares	570	172
	1,940,835	1,208,145
Amount provided for redemption of preferred shares	15,000	15,000
Less preferred shares redeemed	5,330	2,480
	9,670	12,520
Dividends paid:		
Preferred	20,315	26,829
Common	108,949	90,683
Costs of issuing preferred shares in prior years	33,907	—
	172,841	130,032
Balance at end of year	\$ 1,767,994	1,078,113

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

Year ended January 31, 1972 (With comparative figures for year ended January 31, 1971)

	1972	1971
Funds provided by:		
Operations:		
Net earnings	\$ 862,152	58,887
Add amounts not requiring an outlay of funds	1,868,338	859,511
Funds provided by operations	2,730,490	918,398
Sale of equipment	874,081	1,038,130
Increase (decrease) in long-term debt	1,985,136	(27,418)
Total funds provided	5,589,707	1,929,110
Funds applied to:		
Purchase of aircraft, ground facilities and other equipment	4,821,320	2,093,752
Excess of cost of investments in subsidiary companies over their net book value at time of acquisition	416,315	—
Purchase of investments	163	—
Amount provided for redemption of preferred shares, net of gain on redemption	14,430	14,828
Dividends paid	129,264	117,512
Deferred charges	—	67,470
Total funds applied	5,381,492	2,293,562
Increase (decrease) in working capital	208,215	(364,452)
Working capital at beginning of year	305,080	669,532
Working capital at end of year	\$ 513,295	305,080

See accompanying notes to consolidated financial statements.



OKANAGAN HELICOPTERS LTD. AND SUBSIDIARIES

ASSETS

	1972	1971
Current assets:		
Cash and short-term deposits	\$ 851,432	537,442
Accounts receivable	1,127,934	385,952
Inventories of parts and supplies, at lower of cost or net realizable value	680,026	287,158
Prepaid expenses	257,917	50,314
Refundable deposits on new equipment	—	209,899
Total current assets	2,917,309	1,470,765
Investment in and advances to other companies	9,418	9,255
Flying assets, ground facilities and other equipment, at cost less accumulated depreciation:		
Flying assets	9,543,845	6,457,602
Ground facilities and other equipment	868,220	750,187
	10,412,065	7,207,789
Accumulated depreciation	2,255,452	2,154,529
	8,156,613	5,053,260
Deferred charges less amortization	—	118,871
Excess of cost of investments in subsidiary companies over their net book value at time of acquisition, less amortization	353,896	—
	<u>\$11,437,236</u>	<u>6,652,151</u>

AUDITORS' REPORT

We have examined the consolidated balance sheet of Okanagan Helicopters Ltd. and subsidiaries as of January 31, 1972 and the consolidated statements of earnings, retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the company and subsidiaries at January 31,

1972 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year as restated (see Note 8 to consolidated financial statements).

PEAT, MARWICK, MITCHELL & CO.,
Chartered Accountants

Vancouver, British Columbia
April 14, 1972

CONSOLIDATED BALANCE SHEET, JANUARY 31, 1972

(With comparative figures for 1971)

LIABILITIES AND SHAREHOLDERS' EQUITY

	1972	1971
Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,052,318	434,251
Income taxes payable	80,115	2,138
Current portion of long-term debt	1,271,581	729,296
Total current liabilities	2,404,014	1,165,685
Long-term debt (Notes 2 and 3)	4,228,525	2,243,389
Deferred income taxes (Note 4)	952,166	265,515
Maintenance equalization provision	312,190	121,772
Shareholders' equity:		
Capital stock (Note 5)	1,772,347	1,777,677
Retained earnings, per accompanying statement (Note 6)	1,767,994	1,078,113
Total shareholders' equity	3,540,341	2,855,790
Commitments and subsequent events (Note 7)		
	\$11,437,236	6,652,151

See accompanying notes to consolidated financial statements.

Approved on behalf of the Board:

J. W. Pitts, *Director*

Ian Kennedy, *Director*



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

January 31, 1972

1. Principles of consolidation:

The consolidated financial statements include the accounts of all subsidiary companies and the results of their operations since acquisition. The company acquired all of the outstanding common shares of Universal Helicopters Ltd. on February 24, 1971 and those of Creighton Helicopters Ltd. (formerly Westcoast Helicopters Ltd.) on April 1, 1971.

2. Long-term debt:

Bank loans secured by an assignment of book debts and a fixed and floating charge debenture of

\$5,650,000 with interest at the bank's prime commercial rate plus 1¾%, repayable in 20 consecutive quarterly instalments to 1977
10% notes payable, due March 2, 1972 and 1973
Sales tax on flying equipment
Other

Total	Current	Non-Current
\$5,047,117	1,030,000	4,017,117
252,103	193,192	58,911
168,286	47,615	120,671
32,600	774	31,826
<u>\$5,500,106</u>	<u>1,271,581</u>	<u>4,228,525</u>

3. Debt maturity:

Maturities of long-term debt for the next five years are as follows:

1972	\$1,271,581
1973	1,141,518
1974	1,072,171
1975	1,071,139
1976	936,807
	<u>\$5,493,216</u>

4. Deferred income taxes:

The company has claimed for tax purposes capital cost allowances in excess of depreciation recorded in the accounts. Effective January 1, 1968, in accordance with a recommendation of the Canadian Institute of Chartered Accountants, the company decided to adopt for 1968 and subsequent years the policy of charging to earnings the deferred taxes which arise from these timing differences. The balance at January 31, 1972 of unrecorded deferred taxes relating to these differences is \$1,115,500.

5. Capital stock:

(a) Authorized and issued:

Preferred:

- (i) 6% cumulative preferred shares of \$10 par value per share; redeemable at \$10.50 per share.

Authorized 48,738 shares:

Issued at January 31, 1971

Less redeemed during the year

Issued at January 31, 1972

No. of Shares	Amount
26,942	\$ 269,420
533	5,330
<u>26,409</u>	<u>264,090</u>

- (ii) 6% second cumulative convertible preferred shares of \$10 par value per share; redeemable at \$10.50 per share. Authorized 6,695 shares:

Issued at January 31, 1971

Converted to common shares during the year

Issued at January 31, 1972

7,225	72,250
530	5,300
<u>6,695</u>	<u>66,950</u>

Total preferred shares

331,040

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Capital stock (continued):

Common shares of no par value:	No. of shares	Amount
Authorized 1,207,664 shares:		
Issued at January 31, 1971	725,464	1,436,007
Issued on conversion of second preferred shares	1,060	5,300
Issued at January 31, 1972	726,524	1,441,307
Total capital stock		<u>\$1,772,347</u>

- (b) The conversion privileges related to the 6% second cumulative preferred shares expire August 31, 1975.
- (c) An amount of 125,800 common shares have been reserved for exercise of share purchase warrants. Each warrant is convertible to one common share for a consideration of \$4.50 to August 31, 1972 and \$5.50 to August 31, 1975, at which time the warrants expire.
- (d) The terms of issue of both classes of preferred shares provide for an aggregate annual sinking fund provision (subject to certain provisions) of \$15,000.
- (e) For Valuation Day purposes, the Department of National Revenue has prescribed that the company's common shares are to be valued at \$6.25 each and its warrants at \$3.00 each.

6. Capital reserve:

Included in retained earnings is a capital redemption reserve of \$223,290 (\$217,960 in 1971) created pursuant to Section 63 of the Companies Act of British Columbia on the redemption of preferred shares.

7. Commitments and subsequent events:

Subsequent to January 31, 1972:

- (a) The company became committed:
 - (i) To purchase flying equipment costing approximately \$3,300,000.
 - (ii) To acquire or lease an additional Sikorsky S61N helicopter to meet the terms of a five-year contract commencing September 15, 1972. Estimated cost of purchasing such an aircraft is \$1,400,000.
- (b) The authorized limit under the terms of the bank debenture was increased by \$3,235,000.

8. Prior year's extraordinary item:

In order to provide a more meaningful comparison with the current year, the comparative figures on the consolidated statement of earnings have been restated to show separately the extraordinary item arising from the losses on disposal of the FH-1100 fleet and the ordinary gains on equipment disposals made in the normal course of business. This restatement has no effect on the net earnings for the year.

9. Earnings per share:

Earnings per share are based on the weighted average number of shares outstanding during the year. Fully diluted earnings per share, after extraordinary item, have not been calculated for the preceding year as the assumed conversion of the warrants and/or the second preferred shares would have an antidilutive effect.

10. Statutory information:

During the year ended January 31, 1972, the aggregate direct remuneration paid or payable to directors of the company, as directors, was \$15,800 and to senior officers of the company, including two of the directors, was \$176,200.



FINANCIAL SUMMARY AND REVIEW

	1972	1971	1969	1968	1967	1966	1965	1964	1963	1962
	(Note 1)									
Revenue	10,693	6,401	6,258	5,481	5,671	4,515	4,249	3,522	2,804	2,896
Earnings before extra-ordinary item (Notes 2 & 3)	862	249	190	(32)	454	(9)	365	247	279	(142)
Net earnings	862	59	190	(32)	454	(9)	365	247	279	(142)
Assets	11,437	6,652	7,029	6,133	6,782	5,283	5,104	4,476	3,134	3,024
Earnings per common share before extra-ordinary item (Note 4)	1.16	.32	.23	(.05)	.75	(.02)	.64	.43	.54	(.27)
Earnings per common share (Note 4)	1.16	.05	.23	(.05)	.75	(.02)	.64	.43	.54	(.27)
Common shareholders equity	3,209	2,514	2,581	2,553	2,597	2,233	2,381	2,183	1,948	1,716
Equity per common share	4.42	3.47	3.79	3.84	4.30	3.86	4.19	3.85	3.76	3.31
Dividends per common share	.15	.125	.10	.20	.20	.20	.25	.15	.05	.05
Capital expenditures	4,821	2,094	1,306	1,701	2,100	1,292	1,433	1,856	479	741
Working capital	513	305	794	482	346	722	1,389	145	231	29
Common shares at year end	726,524	725,464	681,098	665,378	603,819	578,039	568,039	568,039	518,267	518,267
Preferred shares at year end	33,104	34,167	49,832	57,916	78,591	83,101	83,867	35,466	37,117	37,414
Common shareholders										
—Canadian	1,429	1,954	2,408	2,420	2,229	2,487	2,286	1,707	1,516	1,550
—Other	54	51	49	48	49	55	48	46	45	51
Funds provided by operations	2,730	918	1,003	760	973	438	670	568	485	315
—Per common share	3.76	1.27	1.43	1.08	1.53	.67	1.13	.96	.89	.56

NOTES TO FINANCIAL SUMMARY AND REVIEW

1. Change of year-end – The Company changed from a December 31 year-end to a January 31 year-end effective January 31, 1971. Accordingly, the figures for 1971 report the financial position at January 31, 1971 and the results of operations for the 12-month period ended January 31, 1971, rather than for the year ended December 31, 1970 as presented in the twenty-fourth annual report.
2. Restatement of prior years – Profits reported prior to 1968 did not include gains or losses on sale of assets and dividends received. The figures reported in this summary have been restated for these amounts as well as adjustments to retained earnings which can be specifically identified with a prior year.
3. Deferred income taxes – Prior to 1968 the company did not make provision for deferred income taxes. If deferred income taxes had been recorded, cumulative profits to December 31, 1967 would have been reduced by \$1,115,500.
4. Earnings per common share – (a) Earnings per common share are calculated after providing for preferred dividends. (b) Earnings per common share calculations for 1969, 1971, and 1972 are based on the weighted average number of common shares outstanding during the year rather than on the number outstanding at the year-end as has been done for 1968 and prior years.



